

To: Members of the Legislative Fiscal Committee
From: Iowa Lottery CEO Terry Rich
September 2011

ATTACHMENT H

Achieving Greater Efficiencies In State Advertising

Overall Thoughts For Maximizing State Efficiencies In Advertising

- Several state entities that make some of the state's largest advertising purchases – including the Iowa Lottery, Regents Universities, Department of Economic Development, Department of Public Health and Department of Transportation – have met throughout the spring and summer to discuss ways they could better coordinate efforts and thereby achieve increased efficiencies in advertising purchased for state causes.
- The conversations have continued even though legislation relating to the topic did not pass during the FY 2011 session. State executives agreed that it is a valuable topic matter that should continue to be investigated even without passage of legislation.
- The goal of the discussions is to achieve the broadest purchase with the best-targeted reach for the state advertising dollars spent.
- The group plans to continue to meet once a quarter to share ideas and continue cooperation.
- The group is working to develop a list of advertising contacts for state entities to maximize communications.
- The group also plans to lend its expertise and resources whenever possible to other priority state initiatives, such as the current “healthiest state” project.
- Targeted Iowa small businesses are currently utilized whenever possible and that should continue to be a focus.
- Emerging marketing trends (such as the latest platforms receiving attention within social media) should continue to be evaluated by state entities to keep staff up to date on communication trends and costs.

Creative Development

- State entities use different advertising companies based upon the creative expertise needed and the size of a particular project.
- Having one advertising company for all state creative advertising work is not recommended because advertising agencies have different marketing expertise (ie., expertise in agriculture vs. commercial vs. retail) and competition amongst agencies achieves the best pricing for the state as a whole.
- The state should not impede business by making decisions that would cut some advertising agencies out of the bidding process.
- State entities involved in the discussions have agreed to share their advertising RFPs to garner future ideas for contract negotiations.

Media Placement

- State entities making the larger advertising purchases believe they are getting good media cost placement with media buys appropriately placed in all areas of the state so as to provide messages to all citizenry.
- Those involved in the discussions agreed that attempting to achieve one central advertising contract for state advertising/marketing would cost the state more in media buys because there would no longer be competition amongst advertising agencies or an incentive amongst media entities to offer the “value-added” spots that state entities currently receive at various times of the year.
- Larger state entities have agreed to work with smaller state entities that may receive “one-time” advertising funds for a particular project. The goal would not necessarily bring cost savings, but rather, greater media coverage for the message due to better purchasing power.
- Those involved in the discussions also do not recommend having one advertising company do all media buys. Such a move would hurt smaller Iowa companies that might want to compete for state business and limit negotiation power for better ad rates/buys during off-peak times.

Other Notes:

- Some state entities protect their advertising plans and budgets due to their competitive environments (ie., universities competing with each other for students).
- Marketing via social media is the new frontier.
- Advertising dollars are often earmarked for specific messages, so there is little leeway in how the money can be spent.